

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 EUR-12 NEA-10 ISO-00 ERDA-05 AID-05

CEA-01 CIAE-00 COME-00 DODE-00 FEAE-00 FPC-01

H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 PA-01 PRS-01 /119 W

-----011526Z 010278 /43

P R 011333Z MAR 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC PRIORITY 242

AMEMBASSY ALGIERS PRIORITY

INFO AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: ENRG, NI

SUBJECT: PROSPECT FOR INCREASE IN NIGERIA CRUDE OIL PRICES

1. MOBIL OIL REP INFORMED EMBASSY PETROLOFF MARCH 31 THAT MOBIL OIL IN NEW YORK HAD BEEN OFFICIALLY ADVISED BY ALGERIAN GOVERNMENT THAT ALGERIA WILL NOT CHANGE PRICE OF ITS CRUDE OIL FOR SECOND QUARTER. OTHER OIL COMPANIES APPARENTLY GIVEN SIMILAR NOTICE. AS REPORTED IN PIW MARCH 14, ALGERIA WAS EXPECTED TO ANNOUNCE HIKE OF ABOUT 25 CENTS A BARREL APRIL 1.

2. LOCAL OIL PRODUCING COMPANIES HAVE ATTEMPTED MAKE SURE NIGERIAN NATIONAL OIL COMPANY AND MINISTRY PETROLEUM RESOURCES AWARE OF ALGERIAN DEVELOPMENT AND TO ASCERTAIN WHETHER IT WILL AFFECT NIGERIAN PRICE DECISION. HIKE OF ABOUT 25 CENTS HAS BEEN EXPECTED FOR NIGERIAN CRUDE.

3. ACCORDING TO COMPANIES, OVERHEATED DEMAND FOR LIGHT NIGERIAN CRUDE IN U.S. THIS WINTER HAS UNDERGONE SUDDEN REVERSE IN PAST TWO WEEKS, AND THEY ARE CONCERNED NIGERIANS MAY OVERPRICE THEIR OIL.

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ONE FACTOR IN SHIFT IS RETURN OF MILD WEATHER TO U.S. AND SHARP FALL IN DEMAND FOR HEATING OIL. SECOND FACTOR IS ANOMALY IN USUAL PATTERN OF DEMAND FOR GASOLINE. GASOLINE CONSUMPTION AND SALES IN U.S.; IN JANUARY WERE HIGHEST IN MANY YEARS, YET IN LATE FEBRUARY AND MARCH WERE LOWER THAN NORMAL DESPITE MILD WEATHER; COMPANIES REPORT THAT AS MANY AS THIRTEEN CARGOS OF NIGERIA CRUDE WHICH WERE PURCHASED ON SPECULATION

ARE AFLOAT ON OCEAN WITHOUT BUYERS.

4. PETROLOFF DISCUSSED POSSIBLE CHANGE IN ALGERIAN POSITION
ON PRICE WITH ASSISTANT DIRECTOR OF PETROLEUM RESOURCES FOR
ECONOMIC AFFAIRS O.A. OKANLA. OKANLA NON-COMMITTAL AS
EXQECTED, SAID ALGERIA DID NOT GOVERN NIGERIA'S PRICE DECISIONS.
HOWEVER, HE ALSO ADDED OBSERVATION THAT NIGERIA FOLLOWED MARKET
CLOSELY AND POINTED OUT NIGERIA DID NOT RAISE ITS PRICES IN
SECOND QUARTER 1976.

5. WOULD APPRECIATE ANY CONFIRMATION DEPARTMENT OR AMEMBASSY
ALGIERS MAY MAKE THAT ALGERIA HAS IN FACT TAKEN DECISION NOT
TO RAISE PRICE.
CROSBY

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